

**EAST GREENE  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2007

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**EAST GREENE COMMUNITY SCHOOL DISTRICT**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

**(Before September, 2006 Election)**

Timothy J. Bardole	President	2007
Marc Hoffman	Vice President	2006
Katherine Neese		2008
Julie Derry		2007
John Lint		2008

**(After September, 2006 Election)**

Timothy J. Bardole	President	2007
Marc Hoffman	Vice President	2009
Katherine Neese		2008
Julie Derry		2007
John Lint		2008

**School Officials**

G. Michael Harter	Superintendent
Jackie Ostrander	District Secretary
Jenny Wessling	District Treasurer

# BRUCE D. FRINK

## Certified Public Accountant

### Independent Auditor's Report

To the Board of Education of  
East Greene Community School District:

#### Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

#### Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

#### Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of East Greene Community School District, Grand Junction, Iowa as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion on these financial statements based on our audit.

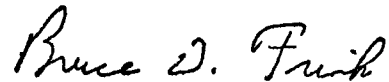
We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of East Greene Community School District as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated February 13, 2008 on our consideration of East Greene Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Greene Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Bruce D. Frink". The signature is written in a cursive, flowing style.

**BRUCE D. FRINK**  
**Certified Public Accountant**

February 13, 2008

## **EAST GREENE COMMUNITY SCHOOL DISTRICT**

### **Management's Discussion and Analysis**

East Greene Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$3,602,496 in fiscal year 2006 to \$3,487,771 in fiscal year 2007, while General Fund expenditures increased from \$3,647,011 in fiscal year 2006 to \$3,787,053 in fiscal year 2007.
- The decrease in General Fund revenues was primarily attributable to decreased state and federal source revenues. The increase in expenditures was due primarily to annual raises for employees.
- The District collects local option sales tax funds from Greene and Boone Counties. These monies are being used for equipment and infrastructure purchases.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of East Greene Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report East Greene Community School District operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which East Greene Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

**East Greene Community School District Annual Financial Report**

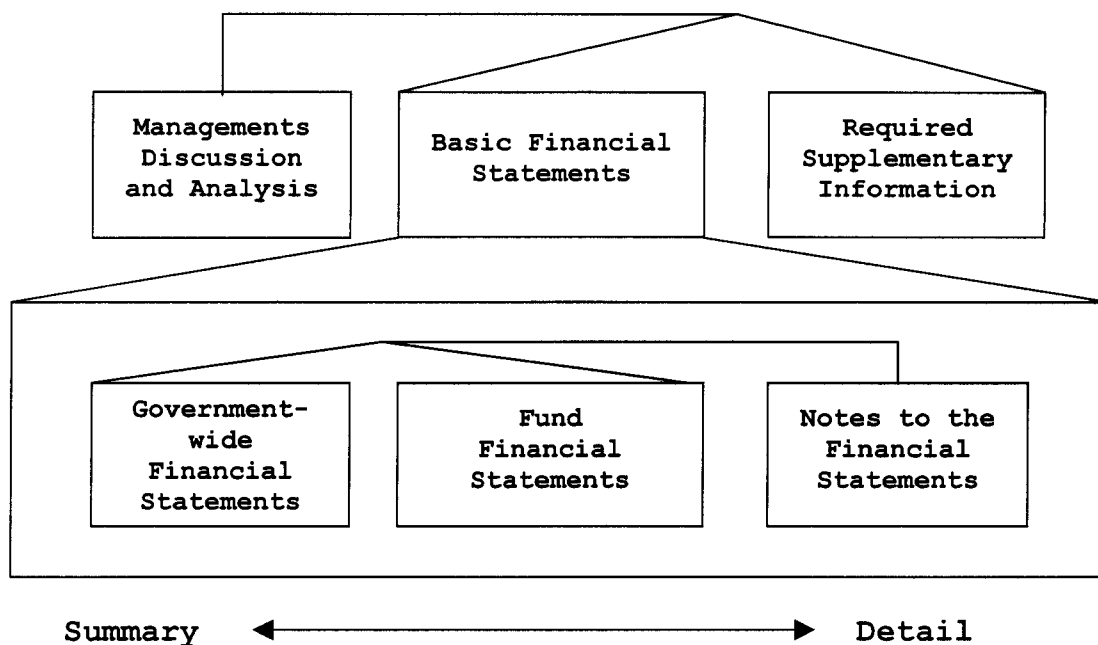


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses; food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how much cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Assets, a statement of revenues, expenses, changes in net assets and a Statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2007 compared to June 30, 2006.

Figure A-3  
Condensed Statement of Net Assets  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
	\$	\$	\$	\$	\$	\$	
Current assets	2,778	2,917	16	37	2,794	2,954	-5.42%
Capital assets	677	719	25	30	702	749	-6.28%
<b>Total assets</b>	<u>3,455</u>	<u>3,636</u>	<u>41</u>	<u>67</u>	<u>3,496</u>	<u>3,703</u>	<u>-5.59%</u>
Current liabilities	2,776	2,605	-	-	2,776	2,605	6.56%
Non-current liabilities	134	50	-	-	134	50	168.00%
<b>Total liabilities</b>	<u>2,910</u>	<u>2,655</u>	<u>-</u>	<u>-</u>	<u>2,910</u>	<u>2,655</u>	<u>9.60%</u>
Net Assets							
Invested in capital assets, net of related debt	655	685	25	30	680	715	-4.90%
Restricted	153	182	-	-	153	182	-15.93%
Unrestricted	(263)	114	16	37	(247)	151	-263.58%
<b>Total net assets</b>	<u>545</u>	<u>981</u>	<u>41</u>	<u>67</u>	<u>586</u>	<u>1,048</u>	<u>-44.08%</u>

The District's combined net assets decreased by over 40%, or approximately \$450,000 over the prior year. The General Fund decreased by over \$270,000 which was the primary reason for the total decrease.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

**Figure A-4**  
**Change in Net Assets**  
**(Expressed in Thousands)**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2006-07</b>
	\$	\$	\$	\$	\$	\$	
Revenues:							
Program revenues:							
Charges for service and sales	108	141	63	59	171	200	-14.50%
Operating grants, contributions and restricted interest	606	620	92	98	698	718	-2.79%
General revenues:							
Property tax	1,345	1,326	-	-	1,345	1,326	1.43%
Income surtax	107	85	-	-	107	85	25.88%
Local option sales tax	290	142	-	-	290	142	104.23%
Unrestricted state grants	1,466	1,676	-	-	1,466	1,676	-12.53%
Unrestricted investment earnings	56	9	-	-	56	9	522.22%
Other	12	25	-	-	12	25	-52.00%
Total revenues	<u>3,990</u>	<u>4,024</u>	<u>155</u>	<u>157</u>	<u>4,145</u>	<u>4,181</u>	<u>-0.86%</u>
Program expenses:							
Governmental activities:							
Instruction	2,848	2,720	-	-	2,848	2,720	4.71%
Support Services	1,124	1,051	-	-	1,124	1,051	6.95%
Non-instructional programs	4	3	181	161	185	164	12.80%
Other expenses	<u>450</u>	<u>367</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>367</u>	<u>22.62%</u>
Total expenses	<u>4,426</u>	<u>4,141</u>	<u>181</u>	<u>161</u>	<u>4,607</u>	<u>4,302</u>	<u>7.09%</u>
Change in net assets	<u>(436)</u>	<u>(117)</u>	<u>(26)</u>	<u>(4)</u>	<u>(462)</u>	<u>(121)</u>	<u>-281.82%</u>

Property tax and unrestricted state grants account for 68% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 86% of the total expenses.

#### **Governmental Activities**

Revenues for governmental activities were \$3,989,284 and expenses were \$4,425,570.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
	\$	\$		\$	\$	
Instruction	2,848	2,720	4.71%	2,276	2,099	8.43%
Support Services	1,124	1,051	6.95%	1,117	1,048	6.58%
Non-instructional programs	4	3	33.33%	4	3	33.33%
Other expenses	<u>450</u>	<u>367</u>	<u>22.62%</u>	<u>314</u>	<u>230</u>	<u>36.52%</u>
Totals	<u>4,426</u>	<u>4,141</u>	<u>6.88%</u>	<u>3,711</u>	<u>3,380</u>	<u>9.79%</u>

- The cost financed by users of the District's programs was \$107,569.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$368,956.
- The net cost of governmental activities was financed with \$1,344,612 in property and other local taxes and \$1,466,240 in unrestricted state grants.

#### **Business Type Activities**

Revenues for business type activities were \$155,075 and expenses were \$180,924. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for food service, federal and state reimbursements and investment income.

#### **INDIVIDUAL FUND ANALYSIS**

As previously noted, East Greene Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$544,487, a forty-five percent decrease from last year's ending fund balances of \$980,773.

#### **Governmental Fund Highlights**

- The District's declining General Fund financial position is the result of several factors. The District has carefully monitored discretionary spending to try to lessen decreases in fund balances. Grants are obtained whenever possible to enhance the District's educational offerings.
- The District began collecting sales tax revenues from Greene County in July, 2004, this greatly increased the sales tax revenues as the majority of the District's students reside in Greene County. This money is being used for equipment and infrastructure purposes.

#### **Proprietary Fund Highlights**

The School Nutrition Fund balance decreased approximately \$26,000 during the fiscal year ending June 30, 2007. This was primarily a result of reduced participation and increased food costs.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$17,000 less than budgeted receipts. This variance resulted from the District receiving less than expected state and federal source revenues.

Total expenditures were greater than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the District had invested over \$700,000, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expenses for the year were \$204,642.

The original cost of the District's capital assets was \$2,730,904. Governmental funds account for \$2,667,875, with the remainder of \$63,029 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6  
Condensed Statement of Net Assets  
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
	\$	\$	\$	\$	\$	\$	
Land	20	20	-	-	20	20	0.00%
Land improvements	98	112	-	-	98	112	-12.50%
Buildings	281	268	-	-	281	268	4.85%
Furniture and equipment	278	319	25	30	303	349	-13.18%
Totals	677	719	25	30	702	749	-6.28%

### Long-term Debt

The District has a Technology Note Payable of \$22,400 for a building addition and ICN equipment at the high school building. The loan is a zero percent loan from Midwest Power Cooperative. Two payments of \$11,200 each are remaining.

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future.

- The SILO tax was passed by Boone County in 2003 and money began to be received by the District in March of 2004. Greene County also passed the tax and collections on that began in July, 2004. These funds will be used for infrastructure projects and equipment purchases.

- The District's health insurance costs continue to increase. Control of these costs is necessary to maintain a stable fund balance.
- Enrollment driven revenues, such as property taxes, and state foundation aid, can only be maintained by maintaining or increasing the District's student count.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", "GASB 34", reduction in state aid for juvenile homes and the unfunded PSEO mandate to name a few.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jackie Ostrander, District Secretary, East Greene Community School District, 405 12<sup>th</sup> St S, Grand Junction, Iowa 50107.

## **Basic Financial Statements**

## EAST GREENE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments	103,766	5,313	109,079
ISCAP investments	1,100,765	-	1,100,765
Receivables:			
Property tax:			
Current year	12,441	-	12,441
Succeeding year	1,334,993	-	1,334,993
Income surtax	84,322	-	84,322
Due from other governments	96,172	7,194	103,366
ISCAP accrued interest	11,177	-	11,177
Other receivables	33,603	-	33,603
Inventories	-	3,613	3,613
Capital assets, net of accumulated depreciation (note 3)	677,409	24,733	702,142
<b>Total assets</b>	<b>3,454,648</b>	<b>40,853</b>	<b>3,495,501</b>
<b>Liabilities</b>			
Accounts payable	316,060	-	316,060
Accrued payroll and benefits	6,145	-	6,145
ISCAP warrants payable	1,103,000	-	1,103,000
ISCAP accrued interest payable	15,368	-	15,368
Deferred revenue:			
Succeeding year property tax	1,334,993	-	1,334,993
Long term liabilities:			
Portion due within one year:			
Early retirement	39,139	-	39,139
Technology note payable	11,200	-	11,200
Portion due after one year:			
Early retirement	73,056	-	73,056
Technology note payable	11,200	-	11,200
<b>Total liabilities</b>	<b>2,910,161</b>	<b>-</b>	<b>2,910,161</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	655,009	24,733	679,742
Restricted for:			
Management fund	35,025	-	35,025
Capital projects	114,769	-	114,769
Physical plant and equipment levy	2,885	-	2,885
Unrestricted	(263,201)	16,120	(247,081)
<b>Total net assets</b>	<b>544,487</b>	<b>40,853</b>	<b>585,340</b>

See notes to financial statements.



**EAST GREENE COMMUNITY SCHOOL DISTRICT**

## Statement of Activities

Year ended June 30, 2007

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities
	\$	\$	\$	\$
<b>Functions/Programs</b>				
Governmental activities:				
Instruction:	2,847,964	107,569	464,106	(2,276,289)
				(2,276,289)
Support services:				
Student services	57,064	-	-	(57,064)
Instructional staff services	175,289	-	-	(175,289)
Administration services	441,507	-	-	(441,507)
Operation and maintenance of plant services	269,480	-	6,437	(263,043)
Transportation services	180,376	-	-	(180,376)
	1,123,716	-	6,437	(1,117,279)
				(1,117,279)
Non-instructional programs:				
Community service & education	3,754	-	-	(3,754)
	3,754	-	-	(3,754)
				(3,754)
Other expenditures:				
Facilities acquisition and construction	117,015	-	921	(116,094)
AEA flowthrough	135,014	-	135,014	-
Depreciation (unallocated)*	198,107	-	-	(198,107)
	450,136	-	135,935	(314,201)
				(314,201)
Total governmental activities	4,425,570	107,569	606,478	(3,711,523)
				(3,711,523)

**EAST GREENE COMMUNITY SCHOOL DISTRICT**

Statement of Activities

Year ended June 30, 2007

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Operating Grants, Contributions			
	Charges for Service	and Restricted Interest	Governmental Activities	Business Type Activities
Expenses				Total
\$	\$	\$	\$	\$
180,924	62,910	92,165	-	(25,849)
4,606,494	170,479	698,643	(3,711,523)	(3,737,372)
<b>General revenues:</b>				
Property tax levied for:				
General purposes			1,255,042	-
Management fund			74,642	-
Capital outlay			14,928	-
Income surtax			106,571	-
Local option sales tax			289,955	-
Unrestricted state grants			1,466,240	-
Unrestricted investment earnings			55,717	-
Other			12,142	-
Total general revenue			3,275,237	3,275,237
Change in net assets			(436,286)	(25,849)
Net assets beginning of year			980,773	66,702
Net assets end of year			544,487	40,853
				585,340

\* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2007

	General	Capital Projects	Nonmajor Special Revenue	Total
	\$		\$	\$
<b>Assets</b>				
Cash and pooled investments	1,523	29,201	73,042	103,766
ISCAP investments	1,100,765	-	-	1,100,765
Receivables:				
Property tax:				
Current year	11,612	-	829	12,441
Succeeding year	1,130,416	-	204,577	1,334,993
Income surtax	84,322	-	-	84,322
Due from other governments	10,604	85,568	-	96,172
ISCAP accrued interest	11,177	-	-	11,177
Other receivables	31,845	-	1,758	33,603
<b>Total assets</b>	<u>2,382,264</u>	<u>114,769</u>	<u>280,206</u>	<u>2,777,239</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	316,060	-	-	316,060
Accrued payroll and benefits	6,145	-	-	6,145
ISCAP warrants payable	1,103,000	-	-	1,103,000
ISCAP accrued interest payable	15,368	-	-	15,368
Deferred revenue:				
Succeeding year property tax	1,130,416	-	204,577	1,334,993
Income surtax	84,322	-	-	84,322
Total liabilities	<u>2,655,311</u>	<u>-</u>	<u>204,577</u>	<u>2,859,888</u>
Fund balances:				
Reserved for capital projects	-	114,769	-	114,769
Unreserved, undesignated	(273,047)	-	75,629	(197,418)
Total fund balances	<u>(273,047)</u>	<u>114,769</u>	<u>75,629</u>	<u>(82,649)</u>
<b>Total liabilities and fund balances</b>	<u>2,382,264</u>	<u>114,769</u>	<u>280,206</u>	<u>2,777,239</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2007

<b>Total fund balances of governmental funds (Exhibit C)</b>		\$	(82,649)
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>			
Income surtax receivable at June 30, 2007 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.			84,322
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			677,409
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
Early retirement payable	\$	(112,195)	
Technology note payable		<u>(22,400)</u>	<u>(134,595)</u>
<b>Net assets of governmental activities (Exhibit A)</b>			<u>\$ 544,487</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,342,180	-	289,955	89,570	1,721,705
Tuition	107,569	-	-	-	107,569
Other	67,856	-	921	101,587	170,364
State sources	1,837,161	-	-	44	1,837,205
Federal sources	133,005	-	-	-	133,005
Total revenues	<u>3,487,771</u>	<u>-</u>	<u>290,876</u>	<u>191,201</u>	<u>3,969,848</u>
Expenditures:					
Instruction	<u>2,611,424</u>	<u>-</u>	<u>-</u>	<u>140,646</u>	<u>2,752,070</u>
Support services:					
Student services	54,694	-	-	2,370	57,064
Instructional staff services	146,927	-	18,687	9,675	175,289
Administration services	434,669	-	-	6,838	441,507
Operation and maintenance of plant services	244,589	-	450	24,441	269,480
Transportation services	<u>155,982</u>	<u>-</u>	<u>77,974</u>	<u>8,894</u>	<u>242,850</u>
	<u>1,036,861</u>	<u>-</u>	<u>97,111</u>	<u>52,218</u>	<u>1,186,190</u>
Non-instructional programs:					
Community service & education	<u>3,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,754</u>
	<u>3,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,754</u>
Other expenditures:					
Long-term debt:					
Principal	-	11,200	-	-	11,200
Facilities acquisition and construction	-	-	176,121	35,366	211,487
AEA flowthrough	<u>135,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,014</u>
	<u>135,014</u>	<u>11,200</u>	<u>176,121</u>	<u>35,366</u>	<u>357,701</u>
Total expenditures	<u>3,787,053</u>	<u>11,200</u>	<u>273,232</u>	<u>228,230</u>	<u>4,299,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(299,282)</u>	<u>(11,200)</u>	<u>17,644</u>	<u>(37,029)</u>	<u>(329,867)</u>

EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Operating transfers in	-	11,200	-	-	11,200
Operating transfers out	-	-	-	(11,200)	(11,200)
	-	11,200	-	(11,200)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(299,282)	-	17,644	(48,229)	(329,867)
Fund balances beginning of year	26,235	-	97,125	123,858	247,218
Fund balances end of year	(273,047)	-	114,769	75,629	(82,649)

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2007

**Net change in fund balances - total governmental funds (Exhibit E)** \$ (329,867)

**Amounts reported for governmental activities in the statement of  
activities are different because:**

Income surtaxes not collected for several months after the District's  
fiscal year ends are not considered "available" revenues in the  
governmental funds and are included as deferred revenues. They are,  
however, recorded as revenues in the statement of activities 19,436

Capital outlays to purchase or build capital assets are reported in  
governmental funds as expenditures. However, those costs are reported  
in the Statement of Net Assets and are allocated over their estimated  
useful lives as depreciation expense in the Statement of Activities.  
The amounts of capital outlays and depreciation expense in the year  
are as follows:

Capital outlays	156,946	
Depreciation expense	<u>(198,107)</u>	(41,161)

Repayment of long-term liabilities is an expenditure in the governmental  
funds, but it reduces long-term liabilities in the Statement of Net Assets.  
Current year repayments, are as follows:

Technology loan note payable	11,200
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Some expenses reported in the Statement of Activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in the governmental funds, as follows:

Early retirement	<u>(95,894)</u>
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**Change in net assets of governmental activities (Exhibit B)** \$ (436,286)

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for services	<u>62,910</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	54,277
Benefits	24,914
Services	4,859
Supplies	91,622
Depreciation	<u>5,252</u>
Total operating expenses	<u>180,924</u>
Operating (loss)	<u>(118,014)</u>
Non-operating revenues:	
Interest on investments	306
State sources	1,918
Federal sources	<u>89,941</u>
	<u>92,165</u>
Change in net assets	(25,849)
Net assets beginning of year	<u>66,702</u>
Net assets end of year	<u><u>40,853</u></u>

See notes to financial statements.



## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2007

	<u>School Nutrition</u> \$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	62,910
Cash payments to employees for services	(79,191)
Cash payments to suppliers for goods or services	<u>(81,808)</u>
Net cash (used in) operating activities	<u>(98,089)</u>
Cash flows from non-capital financing activities:	
State grants received	1,918
Federal grants received	<u>80,197</u>
Net cash provided by non-capital financing activities	<u>82,115</u>
Cash flows from investing activities:	
Interest on investments	<u>306</u>
Net increase in cash and cash equivalents	(15,668)
Cash and cash equivalents beginning of year	<u>20,981</u>
Cash and cash equivalents end of year	<u><u>5,313</u></u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>	
Operating (loss)	(118,014)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:	
Depreciation	5,252
Commodities used	9,053
Decrease in inventory	<u>5,620</u>
	<u><u>(98,089)</u></u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>	
Current assets:	
Cash	<u><u>5,313</u></u>
<b>Non-cash investing, capital and financing activities:</b>	

During the year ended June 30, 2007, the District received federal commodities valued at \$9,053.

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts <u>Scholarships</u>	Agency <u>Funds</u>
	\$	\$
<b>Assets</b>		
Cash and pooled investments	<u>57,578</u>	<u>39,315</u>
Total assets	<u>57,578</u>	<u>39,315</u>
<b>Liabilities</b>		
Other payables	<u>-</u>	<u>39,315</u>
<b>Net Assets</b>		
Reserved for scholarships	<u>57,578</u>	<u>-</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2007

	Private Purpose Trusts <u>Scholarships</u> \$
Additions:	
Local sources:	
Contributions	-
Interest on investments	<u>2,279</u>
Total additions	<u>2,279</u>
Deductions:	
Instruction:	
Other	<u>1,435</u>
Total deductions	<u>1,435</u>
Change in net assets	844
Net assets beginning of year	<u>56,734</u>
Net assets end of year	<u><u>57,578</u></u>

See notes to financial statements.

# EAST GREENE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2007

### (1) Summary of Significant Accounting Policies

East Greene Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Grand Junction and Rippey, Iowa, and agricultural territory in Greene and Boone Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

#### A. Reporting Entity

For financial reporting purposes, East Greene Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. East Greene Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Greene and Boone County Assessor's Conference Boards.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operation fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's major proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statement of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balance

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking the budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2007.

Long-term obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

## E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures exceeded the amounts budgeted in the instruction, support services and other expenditures functions.

### (2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public fund.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2007.

### (3) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	20,000	-	-	20,000
Capital assets being depreciated:				
Land Improvements	332,908	-	-	332,908
Buildings	983,798	33,990	-	1,017,788
Furniture and Equipment	1,331,169	122,956	-	1,454,125
Total capital assets being depreciated	2,647,875	156,946	-	2,804,821
Less accumulated depreciation for:				
Land Improvements	221,278	13,316	-	234,594
Buildings	716,092	20,806	-	736,898
Furniture and Equipment	1,011,935	163,985	-	1,175,920
Total accumulated depreciation	1,949,305	198,107	-	2,147,412
Total capital assets being depreciated, net	698,570	(41,161)	-	657,409
Governmental activities, capital assets, net	718,570	(41,161)	-	677,409



	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	63,029	-	-	63,029
Less accumulated depreciation	<u>33,044</u>	<u>5,252</u>	<u>-</u>	<u>38,296</u>
Business type activities capital assets, net	<u>29,985</u>	<u>(5,252)</u>	<u>-</u>	<u>24,733</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Unallocated	<u>198,107</u>
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Business Type activities:

Food service operations	<u>5,252</u>
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#### (4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$117,099, \$119,284, and \$115,755 respectively, equal to the required contributions for each year.

#### (5) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	Note Payable	Early Retirement Payable	Total
Balance beginning of year	\$33,600	16,301	49,901
Additions	-	120,656	120,656
Reductions	<u>11,200</u>	<u>24,762</u>	<u>35,962</u>
Balance end of year	<u>\$22,400</u>	<u>112,195</u>	<u>134,595</u>

Note Payable:

The District has a \$112,000 note payable to Midland Power Cooperative with a zero per cent interest rate. The note is payable in ten equal annual installments of \$11,200 starting in July 2000 and ending with the July 2009 payment. These funds were made available through the Federal Rural Economic Development Loan and Grant Program and the funds were used to build an addition at the building in Grand Junction, Iowa to be used for the Iowa Communications Network (ICN) equipment and classes using that equipment.

## Early Retirement:

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-nine and employees must have completed twelve years of continuous service to the District. Employees must also complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible certified employee is equal to 100% of the difference between the salary schedule base and the employees placement on the salary schedule. Supplemental pay, extended contract and phase monies are not included. The early retirement incentive for each eligible non-certified employee is equal to 25% of that employees salary in the last year of employment subject to a maximum of \$8,000 per individual.

### (6) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$135,014 for year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### (7) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investment</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2006-07B	1/26/07	1/25/08	506,705	11,000	508,000	9,168
2007-08A	6/27/07	6/27/08	594,060	177	595,000	6,200
Total			\$1,100,765	11,177	1,103,000	15,368

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2006-07A	-	400,000	400,000	-
2006-07B	-	200,000	200,000	-
	\$ -	600,000	600,000	-

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2006-07A	4.500%	5.675%
2006-07B	4.250%	5.315%
2007-08A	4.500%	5.455%

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	<u>\$11,200</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(9) Financial Condition**

The General Fund had a deficit fund balance of \$273,047 at June 30, 2007.

## Required Supplementary Information

# **EAST GREENE COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund  
Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts	Final to Actual Variance - Positive (Negative)
	Actual	Actual	Actual	Original	Final
	\$	\$	\$	\$	\$
<b>Revenues:</b>					
Local sources	1,999,638	63,216	2,062,854	1,983,925	1,983,925
State sources	1,837,205	1,918	1,839,123	1,871,025	1,871,025
Federal sources	133,005	89,941	222,946	287,000	287,000
Total revenues	3,969,848	155,075	4,124,923	4,141,950	4,141,950
<b>Expenditures:</b>					
Instruction	2,752,070	-	2,752,070	2,686,000	2,686,000
Support services	1,186,190	-	1,186,190	1,114,500	1,114,500
Non-instructional programs	3,754	135,540	139,294	170,000	170,000
Other expenditures	357,701	-	357,701	142,641	142,641
Total expenditures	4,299,715	135,540	4,435,255	4,113,141	4,113,141
Excess (deficiency) of revenues over (under) expenditures	(329,867)	19,535	(310,332)	28,809	28,809
Other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(329,867)	19,535	(310,332)	28,809	28,809
Balance beginning of year	247,218	66,702	313,920	388,695	388,695
Balance end of year	(82,649)	86,237	3,588	417,504	417,504

See accompanying independent auditor's report.

## **EAST GREENE COMMUNITY SCHOOL DISTRICT**

### **Notes to Required Supplementary Information - Budgetary Reporting**

Year ended June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures exceeded the amounts budgeted in the instruction, support services and other expenditures functions. The District did not exceed the General Fund unspent authorized budget.

## Other Supplementary Information

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Non-major Special Revenue Funds

June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
<b>Assets</b>				
Cash and pooled investments	34,334	35,961	2,747	73,042
Property tax receivable:				
Current year	691	-	138	829
Succeeding year	175,000	-	29,577	204,577
Other receivables	-	1,758	-	1,758
<b>Total assets</b>	<u>210,025</u>	<u>37,719</u>	<u>32,462</u>	<u>280,206</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	<u>175,000</u>	<u>-</u>	<u>29,577</u>	<u>204,577</u>
Total liabilities	<u>175,000</u>	<u>-</u>	<u>29,577</u>	<u>204,577</u>
Fund balance:				
Unreserved fund balance	<u>35,025</u>	<u>37,719</u>	<u>2,885</u>	<u>75,629</u>
<b>Total liabilities and fund balances</b>	<u>210,025</u>	<u>37,719</u>	<u>32,462</u>	<u>280,206</u>

See accompanying independent auditor's report.



## EAST GREENE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds

Year ended June 30, 2007

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	74,642	-	14,928	89,570
Other	5,858	95,194	535	101,587
State sources	37	-	7	44
Total revenues	<u>80,537</u>	<u>95,194</u>	<u>15,470</u>	<u>191,201</u>
Expenditures:				
Instruction:	44,054	96,592		140,646
Support services:				
Student support	2,370	-	-	2,370
Instructional staff services	-	-	9,675	9,675
Administration	6,838	-	-	6,838
Plant operation and maintenance	24,441	-	-	24,441
Student transportation	8,894	-	-	8,894
Other expenditures:				
Facilities acquisition and construction	-	-	35,366	35,366
Total expenditures	<u>86,597</u>	<u>96,592</u>	<u>45,041</u>	<u>228,230</u>
(Deficiency) of revenues (under) expenditures	(6,060)	(1,398)	(29,571)	(37,029)
Other financing (uses):				
Operating transfers (out)	-	-	(11,200)	(11,200)
(Deficiency) of revenues (under) expenditures and other financing uses	(6,060)	(1,398)	(40,771)	(48,229)
Fund balances beginning of year	<u>41,085</u>	<u>39,117</u>	<u>43,656</u>	<u>123,858</u>
Balance end of year	<u>35,025</u>	<u>37,719</u>	<u>2,885</u>	<u>75,629</u>

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Advisory Committee	1,230	5,144	-	6,374
High School Student Council	194	1,105	1,234	65
Junior High Student Council	23	-	-	23
Drama	896	20	137	779
Science 7-12	23	-	-	23
Vocal Music	50	-	74	(24)
Instrumental Music	1,460	2,243	1,459	2,244
Library	7	-	-	7
FFA	255	-	-	255
SADD	213	71	25	259
Home Ec	1,062	-	-	1,062
Industrial Arts	30	-	-	30
Class of 2005	18	-	-	18
Class of 2006	1,275	-	32	1,243
Class of 2007	6,736	1,244	7,715	265
Class of 2008	2,394	18,676	11,635	9,435
Class of 2009	-	4,422	1,900	2,522
Class of 2010	15	-	-	15
Class of 2011	20	-	-	20
Assembly	1,621	334	1,700	255
Lockers	984	88	-	1,072
Photography	253	442	603	92
Novels Club	143	909	1,052	-
National Honor Society	352	60	-	412
Athletic Fund Balance	1,665	12,267	19,096	(5,164)
Athletic Special	6,914	14,477	13,533	7,858
Basketball	-	4,980	4,604	376
Boys Basketball Fundraiser	1,715	265	2,235	(255)
Girls Basketball Fundraiser	508	929	754	683
Football	-	3,383	3,565	(182)
Baseball	176	1,422	2,496	(898)
Volleyball	-	1,894	1,640	254
Volleyball Fundraiser	39	-	-	39
Softball	(888)	-	932	(1,820)
Track	(385)	840	1,375	(920)
Cross Country	-	-	178	(178)
Golf	(230)	-	90	(320)
Magazine Sales	-	1,767	2,597	(830)
Weight Room	3,495	5,191	3,880	4,806

EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Football Cheerleaders	27	1,449	960	516
Basketball Cheerleaders	5	1,538	1,440	103
Elementary Student Council	76	177	-	253
Elementary Yearbook	2,331	207	-	2,538
Art 1-6	1	-	-	1
Band - Elementary Resale	120	369	216	273
Annual	1,558	5,608	5,892	1,274
Art 7-12	1,111	637	40	1,708
Band - High School Resale	1,062	836	819	1,079
Art Club	563	2,200	2,684	79
Total	39,117	95,194	96,592	37,719

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Fiduciary Funds - Private Purpose Trusts

Year ended June 30, 2007

	Morse- Kennedy	Vivian & Howard Cox	Junction Masonic	Claus Loof	Beaty	Totals
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Contributions	-	-	-	-	-	-
Interest on investments	26	791	62	917	483	2,279
	<u>26</u>	<u>791</u>	<u>62</u>	<u>917</u>	<u>483</u>	<u>2,279</u>
Expenditures:						
Instruction:						
Regular instruction:						
Other	35	800	100	-	500	1,435
	<u>35</u>	<u>800</u>	<u>100</u>	<u>-</u>	<u>500</u>	<u>1,435</u>
Excess (deficiency) of revenues over (under) expenditures	(9)	(9)	(38)	917	(17)	844
Balance beginning of year	<u>1,037</u>	<u>23,685</u>	<u>1,700</u>	<u>19,955</u>	<u>10,357</u>	<u>56,734</u>
Balance end of year	<u><u>1,028</u></u>	<u><u>23,676</u></u>	<u><u>1,662</u></u>	<u><u>20,872</u></u>	<u><u>10,340</u></u>	<u><u>57,578</u></u>

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund

Year ended June 30, 2007

Account	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	\$	\$	\$	\$
Teachers Lounge	84	1,840	40	1,884
Board Clearing	992	509	737	764
Café Flex Plan	400	12,990	10,336	3,054
Foundation	<u>33,384</u>	<u>3,357</u>	<u>3,128</u>	<u>33,613</u>
	<u>34,860</u>	<u>18,696</u>	<u>14,241</u>	<u>39,315</u>

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,721,705	1,553,476	1,613,843	1,478,049
Tuition	107,569	140,894	136,591	102,867
Other	170,364	142,012	186,911	124,871
State sources	1,837,205	1,978,788	1,817,284	1,715,511
Federal sources	133,005	208,623	229,570	113,355
Total	<u>3,969,848</u>	<u>4,023,793</u>	<u>3,984,199</u>	<u>3,534,653</u>
Expenditures:				
Instruction	2,752,070	2,711,882	2,642,669	2,576,108
Support services:				
Student services	57,064	72,501	68,904	76,606
Instructional staff	175,289	157,334	164,938	140,744
Administration	441,507	360,621	415,716	415,123
Operation and maintenance of plant	269,480	400,412	243,296	236,822
Transportation	242,850	146,018	184,796	150,474
Non-instructional programs				
Food service operations	-	-	-	2,457
Community service operations	3,754	3,041	3,224	1,825
Other expenditures:				
Facilities acquisition	211,487	33,928	136,975	87,630
Debt service:				
Principal	11,200	11,200	11,200	11,200
AEA flowthrough	135,014	133,479	128,599	130,621
Total	<u>4,299,715</u>	<u>4,030,416</u>	<u>4,000,317</u>	<u>3,829,610</u>

See accompanying independent auditor's report.

**BRUCE D. FRINK**  
Certified Public Accountant

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

**Member:**

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

**Services:**

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

**Plus:**

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
East Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of East Greene Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 13, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered East Greene Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of East Greene Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of East Greene Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects East Greene Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of East Greene Community School District's financial statements that is more than inconsequential will not be prevented or detected by East Greene Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 07-I-A and 07-I-B are material weakness.

#### Compliance and Other Matters

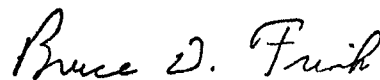
As part of obtaining reasonable assurance about whether East Greene Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

East Greene Community School District's response to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit East Greene Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of East Greene Community School District and other parties to whom East Greene Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of East Greene Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



**BRUCE D. FRINK**  
**Certified Public Accountant**

February 13, 2008



EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

07-I-A      Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. The District has done a good job of segregating duties among the present staff, however, the District Secretary continues to have the ability to override the present controls and circumvent the internal control system.

Recommendation - We realize the job description, as defined by the Code of Iowa, of the District Secretary makes the segregation of duties even more difficult and the elimination of the possibility of administrative override of the system improbable. However, we feel the board and the administration should review these policies annually and with each personnel change to insure the best possible control climate is maintained.

Response - We will continue to review procedures to obtain the best controls possible.

Conclusion - Response accepted.

07-I-B      Use of Signature Stamp - We noted that the Board President used a signature stamp to sign checks. We determined that control of the stamp was not maintained by the Board President, rather by the District Secretary. This allows the District Secretary to control both signatures required to sign checks under the Code of Iowa.

Recommendation - We recommend that control of the signature stamp be maintained by the Board President. If necessary, another individual may be designated to sign checks in the Board President's absence.

Response - We will investigate possible alternatives.

Conclusion - Response accepted.

EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part II: Other Findings Related to Required Statutory Reporting:**

07-II-A Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

07-II-B Certified Budget - Expenditures for the year ended June 30, 2007, exceeded the certified budget amounts in the instruction, support services and the other expenditures functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

07-II-C Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

07-II-D Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

07-II-E Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Timothy Bardole, Board President	Coaching	\$ 2,499
	Snow removal	440
		\$ <u>2,939</u>
March Hoffman, Board Vice President	2006 For Taurus	<u>\$12,600</u>

The transactions with Mr. Bardale appear to violate Chapter 279.7A of the Code of Iowa as they exceed the \$2,500 limit. The transaction with Mr. Hoffman does not constitute a violation, as the transaction appears to have been completed through a properly conducted competitive bidding process.

Recommendation - The District should consult legal counsel in regards to the transactions with Mr. Bardale. It should also review these types of transactions annually to ensure legal compliance.

Response - We will review these on an annual basis and consult with our attorney when needed.

Conclusion - Response accepted.

EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

**Part II: Other Findings Related to Required Statutory Reporting:**  
**(continued):**

- 07-II-F      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 07-II-G      Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- 07-II-H      Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 07-II-I      Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- 07-IV-J      Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- 07-IV-K      Financial Condition - The District's General Fund had a deficit balance of \$273,047 at June 30, 2007.

Recommendation - We recommend that the District take steps to bring the fund to a positive fund balance.

Response - We will comply with this recommendation.

Conclusion - Response accepted.